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VOLUME LXIII, NUMBER 19306 FRIDAY, JUNE 21, 1996 • TAMUZ 4, 5756 • SA

Summit opening amid dissension

STEVE RODAN
CAIRO

At least 10 heads of state are expected to arrive here today to attend the first Arab League summit in six years, a parity that Syria hopes will end with a decision to end normalization with Israel and reinstate the Arab boycott.

But Arab diplomatic sources said the absence of as many as nine heads of state reflects the deep divisions over the priorities of the summit. Egypt and Syria, they said, are trying to focus the gathering on the new government of Prime Minister Binyamin Netanyahu and its closing of relations with Turkey.

The pro-government Egyptian dailies have stepped up their attacks on Israel, calling for a united Arab front against the Netanyahu government. The *Al-Ahram* daily yesterday said Arab leaders must recognize that "The future of the Arab nation will be shaken unless the Arab leaders promptly put the Arab home in order to ensure a consensus vis-a-vis Israel fanaticism and arrogance."

An Egyptian official said Egypt, Syria, and Saudi Arabia agreed on a draft resolution linking Israeli-Arab normalization to progress in the peace talks.

But Jordan and the Gulf states, backed by the US, want a discussion on state-sponsored terrorism. This includes alleged Syrian support of terrorists operating in Jordan, as well as unrest in the Gulf directed by Damascus's non-Arab ally, Iran. (Story, Page 3)

"We have to have a strategy setting out as a priority that a brother must protect a brother and not have to protect himself from him," said Jordanian Foreign Minister Abdul Karim Kabariti.

So far, the heads of Morocco, Tunisia, Libya, Saudi Arabia and those of most of the Gulf states have informed Egypt they will not attend the summit. Iraq was not invited.

The first head of state to arrive was the emir of Bahrain, who was greeted by Egyptian President Hosni Mubarak and a military



Egyptian President Hosni Mubarak escorts the emir of Bahrain, Sheikh Isa Bin Suleiman Khalifa, down the red carpet upon his arrival in Cairo for tomorrow's Arab summit.

band playing a waltz by Strauss.

Arab League Secretary-General Esmat Abdel-Meguid said the summit hopes to send a message the Arabs will not accept just any solution, but one that is based on land for peace.

"Israel should understand that it is not doing us any favors by accepting a peace settlement," Abdel-Meguid told the Egyptian weekly *Al-Mussawar*.

Syria and Egypt are also trying to place the Turkish-Israeli military cooperation high on the summit's agenda. The Turks have been holding naval maneuvers in the eastern Mediterranean.

US seeks to soften outcome of Arab summit

DAVID MAKOVSKY

US Secretary of State Warren Christopher sent private messages to Arab leaders this week, urging them to moderate the outcome of the Cairo summit, so as to give the Netanyahu government a chance to continue the peace process, US officials said.

Christopher assured Arab leaders that he will be seeking to advance the peace process at meetings with Prime Minister Binyamin Netanyahu and Arab leaders on his visit to the region next week.

Israel is indeed hoping the US will soften the impact of the summit and make sure the headline Syrian position does not prevail, whereby Arab normalization with Israel would be frozen.

Arab analysts say the pivotal players in shaping the outcome of the summit will likely be Egypt and Saudi Arabia.

Just as the US is concerned about the outcome of the summit, it is also concerned that the Netanyahu government maintain

a dialogue with the Palestinians. Christopher is expected to focus on this issue during his visit here on Tuesday.

"There needs to be a dialogue with the Palestinians, and the sooner the better. If Israel does not deal with the Palestinian track, things can go bad. It needs to be handled carefully," a key US official said.

Christopher will also be preparing Netanyahu's visit to the White House, which has been set for Tuesday, July 9. Congressional leaders have invited the prime minister to address a joint session of Congress the following day.

Meanwhile, Netanyahu indicated yesterday that Israel would honor international agreements, but seemed to hint that implementation of Oslo 2 will be contingent upon reciprocal moves by the Palestinians.

Arab officials have criticized the government guidelines

issued this week for including an expectation the PA would live up to its commitments, while not mentioning Israel's commitments.

Moreover, there was no mention of Palestinian Authority President Yasser Arafat in Netanyahu's Knesset remarks on Monday, while other Arab leaders were mentioned.

The Palestinians want to make sure Israel adheres to the Oslo 2 accord in general and, specifically, carry out the IDF withdrawal from Hebron that had been scheduled for March 28.

Israel, meanwhile, wants the Palestinians to fulfill security commitments, such as the extradition of terror suspects.

So far, Netanyahu has said only that he is studying the Hebron issue.

Speaking to the annual meeting of the World Zionist Organization yesterday, Netanyahu said, "Our position is that governments

(Continued on Page 20)

'IDF will redeploy in Hebron'

EVELYN GORDON and Jerusalem Post Staff

THE Netanyahu government will have the IDF redeploy in Hebron, a senior security source said yesterday.

He said the civil government headquarters in the center of the city, which symbolizes the occupation to local residents, would be vacated within several weeks. At the same time, the IDF forces protecting Jewish settlers in the city are to be reinforced.

Defense Minister Yitzhak Mordechai met yesterday with

security officials to discuss redeployment in Hebron. He is to visit the city next week.

Meanwhile, Jewish residents of Hebron may be willing to accept a compromise whereby the city would become part of Area B - with the IDF having overriding security authority, but with the Palestinians having autonomy in other areas, including their own

police force.

Attorney Elyakim Ha'etzni, who has traditionally been associated with the far right of the settlement movement, raised the compromise idea in an interview with Israel Radio yesterday.

The army, he said, must be in charge of security in the city, but at the same time, it does not particularly want the job of collecting Palestinian taxes or chasing Palestinian drug dealers.

(Continued on Page 20)

Yeltsin sacks three top Kremlin hardliners

MOSCOW (Reuters) - President Boris Yeltsin, in a dramatic move following a bizarre overnight incident billed by liberals as an attempted coup, yesterday swept three top hawks out of the Kremlin, Russian news agencies said.

The three heads to roll were those of First Deputy Prime Minister Oleg Soskovets, Yeltsin's personal bodyguard Alexander Korzhakov, and state security chief Mikhail Barsukov.

The dismissals, coupled with the sacking on Tuesday of hard-line defense minister Pavel Grachev, meant that Yeltsin has effectively completed a purge of the top hawks in his entourage.

All four had been seen as pushing Yeltsin to take a hard line on many issues, especially pursuing the military crackdown in Chechnya, in which more than 30,000 people have been killed.

The sackings yesterday, following a session of Russia's Security Council chaired by Yeltsin, climaxed a night of drama in which two of Yeltsin's campaign workers were arrested and interrogated for 11 hours before being released.

Former economic reform chief Anatoly Chubais and NTV commercial television said the arrests of Sergei Lisovsky and Arkady

(Continued on Page 20)

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Peres: I'll lead Labor until primaries

FORMER prime minister Shimon Peres said yesterday that he will not resign as head of the Labor Party at this stage and will try to rehabilitate the party until its leadership primary, which he suggested holding in a year's time.

In his appearance before Labor's political bureau, which met to discuss the election results, Peres suggested setting up a shadow cabinet based on the British concept, to provide an alternative to the government and be a fighting opposition.

In a soul-searching speech analyzing the election, Peres stressed his responsibility, but noted that the Hamas and Islamic Jihad played a role in determining the election results.

He also admitted that he "was too influenced by the public opinion polls, which until almost the last day gave us a four to five percent advantage and dictated our behavior during the campaign. But on the last day there emerged previously unknown forces," an

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apparently reference to Habad and the settlers. Peres said "I may have lost the elections, but I did not lose the cause. Personally, from Dimona [where he founded the Nuclear Research Center] to Oslo, I have nothing to regret. We created a revolution which the nation will never forget. Perhaps I lost the elections because at times I went too far, too fast."

Peres revealed that his decision to advance the elections followed the realization that peace with Syria would not be achieved by the end of the year. "Both the Americans and the Syrians said, let's finish the negotiations and reach an agreement by November, and I agreed to wait until then before holding the elections. I sent a message to Syrian President Hafez Assad and said, 'if you really want to do it, you must come to the negotiations yourself. Let me know that you're serious and will meet me every week if necessary

until we reach an agreement," Peres said.

Assad agreed to meet him, but would not give a date, Peres said. "I knew then it would be a terrible mistake to enter an election campaign without knowing whether there is a partner or a plan."

Peres said he was never one to run away from responsibility and will therefore stay at Labor's helm to pull the party together.

"I don't blame anyone and demand nothing from anybody. It is clear to me that we need to change the party structure. After the results of the elections, we cannot return to what has been," he said.

Labor's leadership decided to appoint former Knesset speaker Shevah Weiss to head a committee charged with analyzing the election results and drawing the necessary conclusions. Another team headed by reserve general Menahem Eitan will be in charge of the structural changes in the party.



Shimon Peres spends a thoughtful moment at yesterday's Labor political bureau meeting in Tel Aviv, at which he announced he intends to remain chairman of the party for the coming year.

Ne'eman to supervise creation of ministry for Sharon

SARAH HONG

PRIME Minister Binyamin Netanyahu yesterday appointed Justice Minister Ya'acov Ne'eman to deal with creating a new national infrastructure ministry for MK Ariel Sharon.

Sharon, who had already spoken to Ne'eman about the portfolio, yesterday sent him a brief on how the new ministry should be structured and how it should operate.

However, it is still unclear whether the ministers who must yield departments from their newly won ministries, so these may be stitched together to form a new super-ministry for Sharon, will be willing to do so.

The ministry Sharon envisions would have "contributions" from the Agriculture, Housing, Energy, and Transport ministries. However, Agriculture Minister Rafael Eitan (Israeli), Transport and Energy Minister Yitzhak Levy (National Religious Party), and soon-to-be-appointed deputy

housing minister Meir Porush have all vehemently refused to make any concessions and threatened to leave the government should their dominions be pared.

What seems certain is that the problem will not be resolved in a few days, as some around Netanyahu continue optimistically to claim.

A source close to Netanyahu argued yesterday that part of the blame for the sticky situation must be ascribed to "Sharon himself, because he did not take the Housing portfolio when it was offered him. He should have realized that there was nothing better to be had."

Some in the Likud charge that Netanyahu's right-hand man, Avigdor Lieberman, maneuvered things in such a way as to keep Sharon out, in part due to the very fact that he is so popular in the Likud and therefore a possible rival and/or troublemaker.

Labor to probe possible election fraud

LABOR leaders announced yesterday they intend to examine the records of all 6,714 polling stations in last month's elections to check for evidence of voting fraud.

The announcement, made by Knesset members Nissim Zivli, Moshe Shahal, and Ra'an Cohen at Labor's political bureau meeting yesterday, followed the party's filing suit in Jerusalem District Court on Wednesday, asking to cancel the election results on the basis of alleged forgery found in a check of dozens of polling stations.

Labor's Knesset faction chairman Ra'an Cohen, who is also deputy chairman of the Central

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Elections Committee, said that in a sample audit he conducted in dozens of polling boxes, he discovered irregularities and forgeries. This requires that all the poll boxes be reexamined, he said.

If the findings in the sample polls repeat themselves throughout the country, these cases of forgery may have affected the election results, given the slim margin of Binyamin Netanyahu's victory over Shimon Peres, Cohen said.

Cohen said that in the days after the elections, he received reports from several polling stations

around the country that the number of ballots cast was larger than the number of voters registered for those polling stations.

The sample check he conducted in some 100 polling stations revealed that ballots had been cast in the name of voters who were abroad on election day, or who are deceased. In some places the final vote count was forged and in many others, the number of people registered as having voted did not correspond to the number of ballots actually cast there.

Cohen said that in Vered Yeribo 104 people voted, while only 101 eligible voters are registered there. In Kfar Darom 86 people voted, while only 85 are registered as eligible voters. In Mishmar Ayalon, 302 ballots were cast, though there are only 274 eligible voters and in Netzarim there were 76 ballots, while there were only 70 eligible voters.

Histadrut calls for token strike against privatization

MICHAEL YUDELMAN

THE Histadrut yesterday fired the opening shot in its battle against the new government's privatization and budget cutback plans, which will likely lead to massive dismissals in the public sector, and declared a one-hour strike in 10 days' time.

At a meeting of labor union leaders representing tens of thousands of workers, Histadrut Chairman MK Amir Peretz warned Prime Minister Binyamin Netanyahu that "we take everything he says very seriously and will not sit around waiting to see where the bombs he throws in the air fall."

Peretz called on the unions to prepare to confront the government, beginning with its intentions to privatize the Israel Broadcasting Authority.

Bank Leumi union chairman Louis Roth said "we are their cannon fodder; we are the raw material on whose backs they want to create an economy like this, or an economy like that. There is nothing easier than selling something which doesn't belong to you."

Peretz called on Netanyahu to instruct the director-general of the Prime Minister's Office, Avigdor Lieberman, to behave like a civil servant and not meddle in government policy.

Peretz was referring to Lieberman's statement that he intends to speed up the privatization of the IBA, which he called "a propaganda instrument of Labor." Lieberman also said he would move to replace IBA director-general Mordechai Kirschenbaum even before privatizing the authority.

Lieberman was quoted in Ma'ariv yesterday as saying, "we are not pleased with the political role played by the IBA during the elections. It was mobilized journalism. The broadcasters called to support Shimon Peres. The radio in Arabic called on people to go to the polls."

The report quoted Kirschenbaum as saying, in a lecture to Friends of the Weizmann Institute in Tel Aviv "the attack on us from [Communications Minister] Limor Livnat and others proved they don't understand the work of the IBA, which does not serve the government, but only reports on its actions."

In a sharp reaction to Lieberman's statement, Peretz said "it's first-class impertinence that a director of a ministry, who is a clerk, should act as though he determines policy. I think Netanyahu should shut Lieberman up as soon as possible."

Netanyahu hailed at Habad rally

THOUSANDS greeted Prime Minister Binyamin Netanyahu with cheers and standing ovations last night at a rally held by the Habad movement, marking both the second yahrzeit of Labavitcher Rebbe Menachem Mendel Schneerson and Netanyahu's electoral victory.

Foreign Minister David Levy, Labor and Social Affairs Minister Eli Yishai, Deputy Housing Minister Meir Porush, and other MKs also attended the event, held at the Yad Eliahu arena in Tel Aviv.

In his address, Netanyahu recalled a meeting he had with the rebbe eight years ago, in which, he said, the rebbe told him: "You will encounter many obstacles, but with the help of faith in the people of Israel, the Land of Israel, and love of fellow Jews, you will overcome the obstacles."

Yitzhak Cohen-Aharonov, the chairman of Habad Youth, called on Netanyahu not to pull out of Hebron or the Golan Heights.

CORRECTION
Russia has postponed its decision whether to allow the Jewish Agency to continue operating in its territory and not as printed in the AP report yesterday.

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Tickets numbered 803420, 114548, 755504, 170508, 552067, 649296, 293131 and 397620 won NIS 5,000. Those tickets ending in 37747, 99199, 98524, 71915, 53172, 74155, 92537, 91160, 75565, 42304, 20175, 30536, 50168, 42303, 29830 67784, 14837, 06501 and 71846 won NIS 1,000. Tickets ending in 002, 590, 849, and 848 won NIS 100. Tickets ending in 02, 46, 31, 20 won NIS 30. Tickets ending in 38 and 05 won NIS 20.

Tickets ending in 2 and 7 won NIS 10.

In yesterday's Mifal Hapayis daily Chance card draw, the lucky cards were the ace of spades, ace of hearts, eight of diamonds, and nine of clubs.

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Less cozy, more clear

SHMUEL KATZ

PRIME Minister Netanyahu is preparing to visit the US. It should be clear to him that in light of the dangerous straits into which the Labor government has steered Israel, the policy he has promised to follow requires a thoroughgoing in-depth dialogue with President Clinton.

The US administration is aware of the fact that the PLO constitution - the Palestinian Covenant - is based essentially, indeed nearly exclusively, on the proclaimed and oft-repeated purpose of destroying the Jewish state and usurping its territory.

Obviously no sane and self-respecting government would enter into negotiations with an organization flaunting such a barbaric idea. True, the Rabin-Peres government did not refuse to negotiate with the PLO. But Rabin did demand the abrogation or the amendment of the document. Arafat obligingly promised this would be done; then lifted not a finger.

From that day on, we have had not one sign of abrogation of that document from Washington.

Throughout the following 33 months, during which the covenant was neither abolished nor "corrected" but kept as an inspiration to the Arab nation - while Arafat made a series of excuses and postponements; while slice after slice of territory was promised and indeed handed over to the autonomy by the Labor government; and while an eloquent Arafat ever more defiantly proclaimed to his people the certainty of the declaration of a Palestinian state with Jerusalem as its capital.

Would it not have been decent and proper of an "honest broker" to warn Israel against this rushing into so obvious a trap, let alone admonishing Arafat for maintaining the unspeakable covenant?

Should it not have occurred to the administration that the failure of the Palestinian Arab leadership to abolish or amend the document suggested very pointedly that its murderous purpose was so important that they were not prepared to pay even lip service to the idea of its abandonment?

There is worse to follow.

After waiting more than two years (and having surrendered to Arafat elements of Israel's security) prime minister Rabin issued an ultimatum demand to Arafat:

Either within two months of convening the elected Palestinian Council you fulfill your undertaking regarding the covenant, or we halt the negotiations.

The only body entitled to make changes in the covenant, the Palestine National Council, duly met within the specified period. It did not abolish or amend the covenant. It announced that it would amend the clauses which violated the Oslo Agreement.

In effect it repeated, after nearly three years, no more than the original 1993 undertaking made by Arafat that the covenant remains in force until a "committee" decides which clauses are to be

amended.

This sleek declaration was at once welcomed by a Peres desperate for any sliver of "evidence" that Arafat had "changed;" then came the shocking declaration by the US State Department "confirming" Peres's enthusiastic revelation that the covenant had been amended.

Would it not have been more honorable and more expedient, for the sake of Mr. Clinton's own credibility at least, to tell the truth about Arafat - especially in light of the accumulating evidence from the PLO leader's calculated pronouncements that the practical plans for fulfillment of the covenant have already taken shape in his mind?

THE unpalatable truth underlying the American government's policy is that the US is not and cannot be an honest broker in the conflict.

On the crucial territorial issue its policy has always been just about identical with Arafat's first "phase": Israel's withdrawal to the 1949 Armistice lines, recognized by every serious observer as a "death trap" for Israel.

American policy makers have persuaded themselves that if Israel

gives the Arabs the high ground in Judea, Samaria and the Golan, the Arabs will welcome these topographical advantages by foregoing the next phase of Israel's destruction; and an attenuated Israel is expected to accept this childish prognosis.

Clinton came to office in 1992 after the Rabin-Peres-Aloni government was in place. It is doubtful whether he ever took an opportunity to discover the beliefs, principles and feelings of the fierce opposition to that government - an opposition representing more than half the total population of Israel and a substantial majority in the Jewish community. He must certainly be interested in doing so now.

Netanyahu is duty-bound to forgo the traditional patterns of coziness that have characterized reports of past meetings at the White House. He must assume that it is entirely possible that the president, depending for information and assessments from a notoriously one-sided State Department, is not adequately informed; and, difficult as it may seem, he must proffer Clinton a basic review in depth of US-Israel relations.

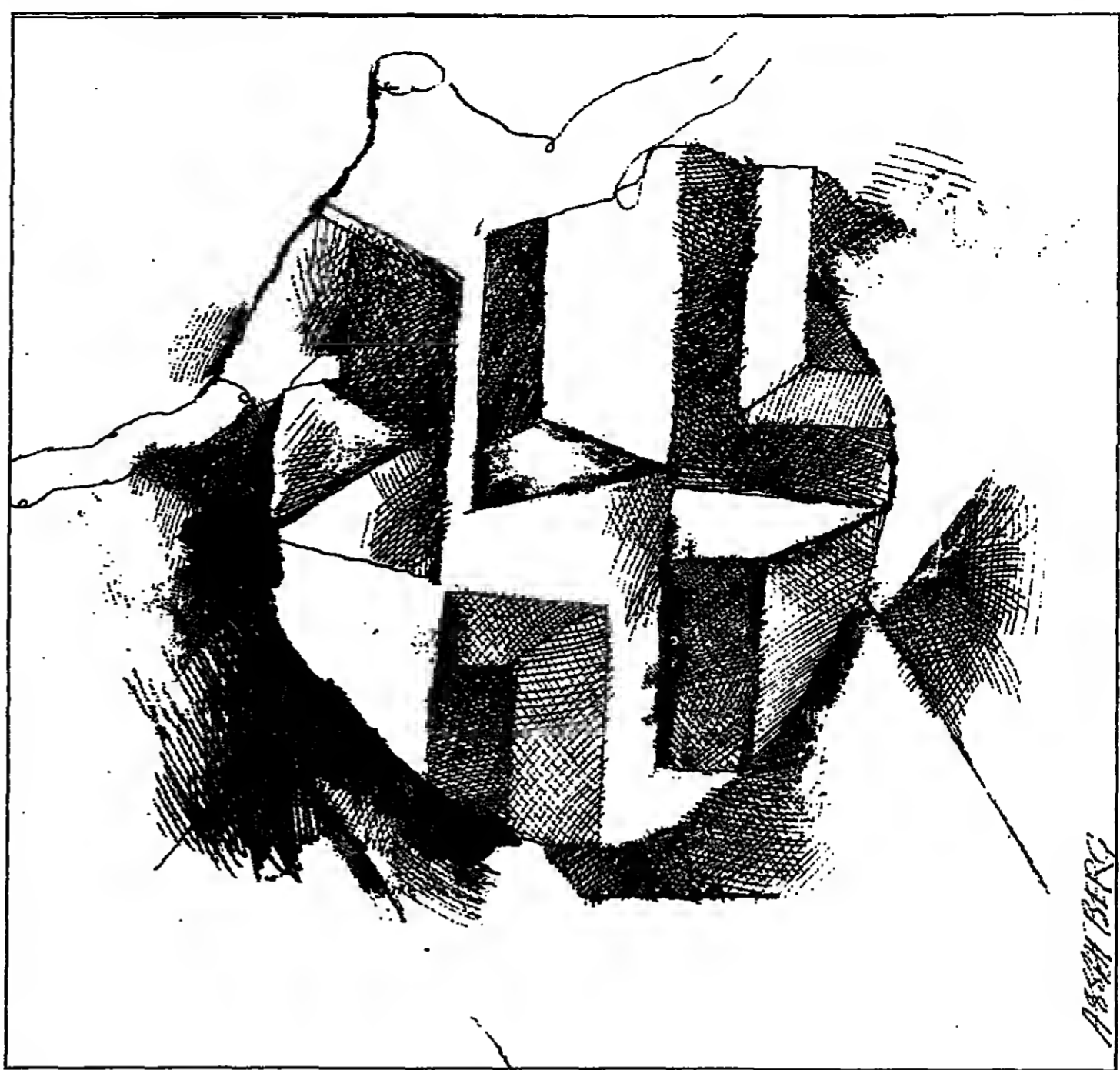
On this must rest his crucial message: that the Netanyahu government was not elected to ensure continuity with the philosophies of Peres and his colleagues; that its vision of the road to peace is quite different from theirs; that it rejects the idea that the peace process is to be seen as a succession of Israeli territorial surrenders culminating in a second Palestinian state (after Jordan). Autonomy is what was promised.

In the election campaign Netanyahu undertook to fulfill obligations - but only when the Palestinians recognizably replaced their covenant and put an end to their numerous violations in Jerusalem and elsewhere.

Those provisos will have to be met, and it is reasonable to expect active American support in their fulfillment, all in accordance with the high principles of American democracy.

That should make a good beginning for, perhaps, a new era in US-Israel relations.

The writer's biography of Ze'ev Jabotinsky has just been published in English.



As things stand now the US cannot be an honest broker in Israel's conflict with the Palestinians

Hearts with many compartments

DAVID HARTMAN

ONE of the myths that Jews carried with them into the modern world is that of being a united people. We love, for example, to sing, "Behold how good and pleasant it is for brothers to dwell together," and we pray, "... all of Israel are friends."

But prayer is prayer, and so is song.

And reality is reality.

Despite our sense of shared historical fate and our emotional attachment to the myths of unity and friendship, the bitter truth is that the Jewish people is deeply divided. The arguments and disagreements among us are profound and divisive, sometimes vicious, occasionally deadly.

The election process our country has just gone through exposed deep-seated distrust and resentment between many groups in our society. One is viewed as the enemy of peace; the other as a threat to our historic destiny.

But all agree that fanaticism is the real threat to Jewish continuity. The right points to the secular hedonism of the left; the left to religious fundamentalism on the right.

Unfortunately, the spirit of delegation did not disappear with the assassination of Yitzhak Rabin. As the Bible shows repeatedly, Jews are a stiff-necked people who learn nothing from drama events.

The splitting of the Red Sea with all its pageantry and miracles

was followed immediately by a religious uprising against Moses. The account of the golden calf is a telling commentary on the religious efficacy of hearing God's voice at Sinai and witnessing a revelation more compelling than the prophetic visions of Ezekiel.

The message of the biblical story is that there are no quick solutions to complex human problems. Abraham Joshua Heschel

ter describes our hopes that our reality. Hatred and demonization have not been uprooted, let alone transformed.

EZEKIEL'S image that God will transform hearts of stone into hearts of flesh implies the futility of quick, overnight solutions to the dilemmas of human history.

When not totally skeptical of human efforts to change history,

peace with the Palestinian people is: Cultivate enormous patience together with the capacity to listen to and tolerate different points of view.

More than ever, we need sober political discourse. Our educational philosophy must counteract the hysteria and illogicality of trying to create consensus by delegitimizing differences of opinion.

We must teach our children that we can share a common text, yet understand its message differently; that differences of opinion can reflect genuine differences of interpretation and not necessarily obstinacy or malice.

Regarding the number of disagreements in the Talmud, the Tosefta advises: "Divide your heart into many rooms and compartments, so that different opinions may reside in different parts of your heart." In other words, conflicting voices can, and should, resound in one's soul.

Realizing this ideal is far from easy. For some it is unrealistic. Yet the educational process has to begin now, not tomorrow, not next year.

We must look the dangers of internal enmity squarely in the face, act sanely, and be mature.

The writer heads the Shalom Hartman Institute in Jerusalem.

We must teach our children that differences of opinion can coexist without conflict

Minister with two masters

D'VORA BEN SHAUL

WOULD you hire a pedophile to tutor your children or a known embezzler to handle your company's finances? Or perhaps a convicted perjurer would make an ideal character witness?

If all these sound absurd, they couldn't be more absurd than the decision to combine the Environment Ministry with the Agriculture Ministry.

The Agriculture Ministry and environmental protection have been natural enemies for as long as both have existed. And there's no mystery why.

The aim of agriculture and the ministry devoted to it is to exploit natural resources such as land and water; the purpose of environmental protection is to preserve as

much as possible in an unexploited condition.

I wonder if our new prime minister is aware that up until the time the Environment Ministry was created in the late 1980s the Ministry of Agriculture was in charge of environmental issues for the most part, controlling as it did the Nature Reserves Authority, and (before the advent of the authority) even the hunting laws.

The express purpose of setting up the Nature Reserves Authority, the Environmental Protection Service, and, eventually, the Environment Ministry was chiefly to wrest some of this power away from agriculture, where the conflict of interest made it impossible for the same ministry to be objective enough to do what was best for both sides.

But now that the ministries have

were licensed by the Ministry of Agriculture to be contaminated by pesticides supposed to be used on non-edible crops only.

In short, the Agriculture Ministry is no address for environmental protection.

I have nothing against Rafael Eitan as agriculture minister - in fact I think he might be very good at the job. But he certainly shouldn't be environment minister as well, and he shouldn't have been allowed to try and fill two positions involving such a clear conflict of interest.

I don't know what successes or failures lie along the road for this government. But I am certain that one of its first acts has been a terrible mistake, heralding potential disaster.

The writer contributes an environmental column to The Jerusalem Post.

Putting Rafael Eitan in charge of agriculture and the environment is a scandal, a clear conflict of interest

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Department of Jewish Philosophy, the Hebrew University
"THE MORAL RESPONSIBILITY OF THE INTELLECTUAL, REFLECTED IN JEWISH THOUGHT"
(Lecture in Hebrew; simultaneous translation will be available)

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cautioned against thinking that administrative techniques could solve spiritual dilemmas.

We badly need the wisdom to create a society in which we can listen to one another with respect, where we can appreciate the importance of diversity and the complexity of our national and cultural destiny.

Ours is an epochal period of history. Can we find a language of peace with the Palestinians and our neighbors? In spite of the important breakthroughs made by the Rabin and Peres government, the term "New Middle East" bet-

the prophet realizes that the tasks facing the political leader are not easy. If change requires the intervention of an all-powerful, all-knowing Being to radically transform human nature, what then may we expect from human leaders of limited and imperfect vision and abilities?

It is important to pray for universal friendship and peace.

But the best advice to those who dream of a united Israel living in

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Palestinians in despair at new government's attitudes

The PA is upset at a lack of communication. Steve Rodan and Bill Hutman report.

WITH each passing day, Hassan Asfour seems more irritated with Prime Minister Binyamin Netanyahu. Asfour, head of the Palestinian Authority Negotiating Department, reads the Netanyahu government's program and becomes upset that the prime minister has ruled out a Palestinian state. Then, he and his colleagues try to reach members of the new government only to be told they can't talk to the Palestinians.

"All these things don't speak very well for the peace process," says Asfour, who is also an aide to the PA's No. 2, Mahmoud Abbas. "It is as if Netanyahu doesn't want to continue with the peace process."

For Palestinians comfortable in their dealings with the former Labor-led government, the prospect of working with Netanyahu is unsettling.

As they see it, the camaraderie is gone, the dialogue has become formal and the Israeli positions hardened, as the two sides prepare to enter negotiations over the next few weeks over issues held over from the Peres government. They include the IDF redeployment in Hebron, a further military redeployment in the territories and final status negotiations, subjects expected to be explored when US Secretary of State Warren Christopher arrives in Israel next week.

Israeli officials don't dispute many of these Palestinian assessments. The new government's guidelines say Israel will offer the Palestinians self-rule rather than statehood. The Likud-led coalition will oppose the Palestinian demand to return to their homes west of the Jordan, which includes Judea, Samaria and Gaza.

The government plank also calls for strengthening Jewish settlement as well as for the right of the IDF to battle terrorism anywhere, which presumably includes the areas under Palestinian authority.

These positions sharply contrast with those of the outgoing Labor government, some of whose representatives had told Palestinian leaders that they saw a Palestinian state as being the least objectionable of their demands.

Perhaps the strongest message emerging from the new government is that while it will continue negotiations begun under Labor, it will expect a lot more of the Palestinian Authority. The credo of Shimon Peres that benevolence and creative thinking alone can blur even the greatest of differences is rejected by Netanyahu's



emphatic in their approach. They say the IDF's experience in negotiating with the Palestinians is an important tool for the new government.

But they make it clear that the negotiations with the Palestinians will be centralized, in contrast to the numerous channels both the IDF and the government had with the PA during the Rabin and Peres administrations.

In the end, they say, Netanyahu will make the decisions on such issues as Hebron, further redeployment and final-status talks. "He will consult with others, but I have the feeling that he will make up his own mind when the time is right," a source close to the prime minister says.

Perhaps the biggest fear of some senior Palestinian officials is that Israel will simply bypass them. This is said to be the concern of Dahlan and Rajoub, who have developed both political and commercial ties with Israelis, particularly those close to the Labor Party.

Leading Palestinians maintain that the Peres government valued Rajoub so much that, along with the US, it succeeded in getting PA President Yasser Arafat to withdraw his dismissal of the security chief earlier this year. Aides to Peres deny this but a senior Israeli security source recalls, "We made it clear that we preferred to continue dealing with Rajoub."

Regardless, sources close to Netanyahu dismiss fears that he will choose his Palestinian interlocutors. But Asfour does not. "Israel will not decide who our leaders are," Asfour, who is close to Dahlan, says. "No one will replace Dahlan and Rajoub."

For his part, Arafat plans on raising the stakes in his dealings with Israel. The Egyptian daily *Al-Ahram* reports that at the Arab League summit being held in Cairo this weekend, the PA chief plans to ask for endorsement of a Palestinian state with Jerusalem as its capital. Egyptian officials already say that they will approve such an announcement.

In the end, this might capture the attention of the US and Israel. Asfour says Netanyahu will have to meet Arafat to revive the Israeli-Palestinian negotiating track. The alternative to progress in the peace talks, he warns, is confrontation.

"Maybe the confrontation will be worse than the intifada," Asfour says. "But I hope not. I hope that Netanyahu will choose the path of peace and will come to the negotiating table serious about making progress."

Last Sunday, lack of cooperation in Area B turned deadly when off-duty policeman First Sgt. Meir Alush was killed in the Samaritan town of Bidiya. Bidiya, once controlled by pro-Israeli vigilantes, is now a Hamas stronghold.

Asfour says the new government should not regard security agreements with the Palestinians as set in stone. He suggests that the IDF can withdraw from some areas of Hebron, but he wants to ensure that the IDF has the clear right to enter any area of the city transferred to the PA.

"We can't allow [terrorists to have] Kalashnikovs in Hebron," he says. "We must have the right of hot pursuit."

But Ezra has not been spilling out the government's line to the Palestinians. For one thing, Netanyahu and his aides have been careful not to set policy on such issues as Hebron and further redeployment. Moreover, Ezra has been asked not to speak to the Palestinians until a government is formed.

One aim of the new prime minister is to keep any dialogue with the Palestinians low-key. The only person delegated to Netanyahu to speak to the Palestinians has been his foreign policy adviser, Dore Gold, a longtime researcher at Tel Aviv

University's Jaffee Center for Strategic Studies. Gold has spoken several times by phone to Abbas, known as Abu Mazen.

"That is the only channel right now," a source close to Netanyahu says. "All the rest is noise."

The Palestinians, who had been used to negotiating with all levels of the Peres government, are unhappy with this approach.

Asfour says the Gold-Abu Mazen dialogue has been insubstantial. He says Gold avoided giving Abu Mazen details or commitments regarding such issues as negotiations on the final status of the territories, the pull-out from Hebron and security cooperation.

"Gold only said that Netanyahu is committed to the peace process and asked that we don't attack the new government, that we give it

time," Asfour said. "We are only talking about a few phone calls. I wouldn't call this a channel of communication. Israel just wants to tell the world that it is still talking to the Palestinians."

Gold refused to comment. But government sources confirm that Netanyahu has not made any commitments to the PA, although he is studying the issues pending with the Palestinians.

They recommend patience, saying that by complaining to the media, PA officials would only end up delaying the serious negotiations needed to maintain the Palestinian-Israeli track at a time when the Clinton administration is more concerned with achieving progress in Israeli talks with Syria.

"The contacts with the

Palestinians will be built up slowly and incrementally," one source says.

So far, Netanyahu has allowed the IDF and the GSS to continue cooperating on security matters with the PA. This includes talks between Palestinian security chiefs Mohammed Dahlan and Fibril Rajoub, and GSS head Ami Ayalon and IDF Chief of Staff Lt. Gen. Amnon Lipkin-Shahak. The Israelis, however, are under orders not to talk about political issues, much to the irritation of their Palestinian interlocutors.

Likud MK Ezra wants to go further. He says the IDF must stay away from negotiating with the Palestinians altogether. "The army has to deal with the battlefield and leave negotiations to civilians," he says. Aides to Netanyahu aren't as

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		C	4.8
	Peak rate 08:00-13:00	A	1.2
		B	0.8
		C	0.4
Fri & Holiday eve	Low rate 07:00-08:00	A	7.2
		B	4.8
		C	4.8
	Peak rate 08:00-13:00	A	1.2
		B	0.8
		C	0.4
Sat & Holiday	Low rate 07:00-08:00	A	7.2
		B	4.8
		C	4.8
	Peak rate 08:00-13:00	A	1.2
		B	0.8
		C	0.4
Sun-Thurs	Regular rate 13:00-20:00	A	2.4
		B	1.6
		C	0.8
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		B	4.8
		C	4.8
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	C	1.5	

* A-local call
* B-interurban calls

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Alcatel, Lagardere plan separate bids for Thomson

PARIS (Reuters) - French industrial giants Lagardere and Alcatel Alsthom said yesterday they would each bid for state electronics firm Thomson, but signaled they are not prepared to pay any price.

The chairman of Lagardere, whose businesses span missiles to magazines, told shareholders it is "not a matter of life or death" whether the company succeeds in acquiring Thomson's defense electronics business, Thomson-CSF.

Alcatel Alsthom chairman Serge Tehuruk told his shareholders the group would bid for Thomson, but would take care not to end up weakened by an acquisition.

The government said in February it would privatize Thomson, which is 76 percent directly owned by the state and 20% held by state-owned France Telecom, as part of a consolidation of the French defense industry.

Thomson controls 58% of the listed defense electronics company Thomson-CSF and 100% of Thomson Multimedia, a consumer electronics business.

French companies Sagem and Compagnie des Signaux have also expressed interest in Thomson, but Alcatel is widely viewed as the favored candidate, as it is willing to buy all of Thomson. The government has said it wants to sell Thomson in one piece.

Lagardere Chairman Jean-Luc Lagardere reiterated he is interested only in Thomson-CSF and would sell Thomson Multimedia to Korea's Daewoo Corp.

"From the start, I've said we had no interest in Thomson Multimedia," he said. "We have found a partner, a Korean company, Daewoo, which is totally accepted by the authorities in the framework of this privatization."

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Stocks unchanged while new gov't takes hold

TEL AVIV STOCK MARKET



STOCK indexes were unchanged yesterday, as investors apparently decided to first get a feel for the direction and policies of the new government.

The Maof Index fell 0.01 percent, to 214.69, and the Two-Sided Index was unchanged at 203.56.

The indexes rose nearly nine percent this week, amid optimism that newly appointed Finance Minister Dan Meridor would be able to reduce expenditures and inflation.

In the days ahead, investors will be looking for indications of how Prime Minister Benjamin Netanyahu's government will act, including allocating the budget and pushing ahead with the peace process, said analysts.

"There's a lot of indecision within the government right now," said Oren Meytes, a senior analyst at Central Securities of

London market down for third straight day

WORLD MARKET ROUNDUP

LONDON (Reuters) - Here is how major stock markets outside the US closed yesterday.

LONDON - UK shares dropped for a third day running, dragged lower by weak futures markets and with European bourses suffering from German money supply figures suggesting Bundesbank rate cuts may be over.

FRANKFURT - Shares ended lower, dragged down after a disappointing M3 money supply report undermined hopes for another cut in interest rates.

PARIS - Stocks closed more than one percent down, breaking a recent narrow trading range, in a fall triggered by stronger-than-expected German M3 growth.

ZURICH - Shares closed slightly higher in moderate volume as technical factors and Friday's Soffex-expiry set the tone

HONG KONG - The stock market was closed for a public holiday and will reopen tomorrow. On Wednesday, the blue-chip Hang Seng Index eased 48.31 points or 0.44% to end at 10,904.47.

JOHANNESBURG - Shares ended weak but off their lows in lackluster trading, with industrial shares dented by a lack of interest and a predominance of sellers and golds down on a dull bullion price.

NEW YORK (AP) - Stocks closed mostly lower with bonds yesterday as technology issues tumbled again amid growing worries about computer-industry profits.

On Wall Street, the Dow Jones industrial average rose 11.08 points to close at 5,659.43, but that was down from an opening-bell jump of more than 31 points.

Most broader measures finished negative, with declining issues outnumbering advances by a wide margin, and the technology-heavy Nasdaq sliding for the sixth straight session on concerns about stock demand in computer-related businesses.

Bonds moved lower after the Philadelphia branch of the Federal Reserve reported that business activity have continued to accelerate for manufacturers in the mid-Atlantic region in June.

Dow closes lower amid computer worries

WALL STREET REPORT

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SFR 121.26/28 0.5172/78 86.10/15 100.00/00 4.100/94
FFY 0.294/92 0.1258/50 20.92/77 0.248/95

Disney names Tarses president of ABC entertainment

LOS ANGELES (Reuters) - Walt Disney Co. seeking to boost ratings at its ABC television network, yesterday named former NBC programming executive Jamie Tarses as president of ABC Entertainment.

Tarses' appointment takes effect next Tuesday, Disney said in a statement.

In a related development, Disney promoted ABC Entertainment President Ted Harbert in the post of chairman, effective immediately.

The announcement, which had been widely expected, comes after weeks of negotiations between Disney, Harbert and Tarses, who was responsible for NBC's highly successful lineup of prime-time programs, including such hits as "Friends," "NewsRadio," "Mad About You" and "Frasier."

NBC is a unit of General Elec-

Oil imports drive up April US trade gap

WASHINGTON (Reuters) - The US trade shortfall with the rest of the world climbed in April, because of a surge in costly oil imports, the Commerce Department said yesterday.

Total imports and exports set records as the monthly deficit swelled 7.7 percent to \$8.63 billion from a revised \$8.01b. in March.

The bilateral trade with China, Canada, and Mexico widened sharply.

"Oil was the big villain that more than explained the increase in the monthly figure," commented Robert Dederick, economic consultant to Northern Trust Co. in Chicago.

Crude petroleum imports shot up 31.3 percent in value during April to \$4.32b. - the highest for any month since November 1990, when they totaled \$4.7b.

The cost of imported crude jumped to \$19.33 a barrel from \$17.33 in March. Department officials said it was the highest price in more than five years, since it hit \$22.98 in January 1991.

Analysts said oil companies were replenishing their inventories in April. Consumers already have felt the bite of higher gasoline prices at the pump, but some relief is foreseen as more oil comes onto the world market.

Imports of all types of goods and services grew 1.7 percent in April to \$78.57b., while exports expanded by 1 percent to \$69.94b.

Commerce Secretary Mickey Kantor said the trend for exports was higher on a year-over-year basis and he noted that the April deficit with Japan actually eased 0.2 percent in April to \$4.1b.

But at a briefing after the monthly report was released, Kantor said the trade deficit with China was mounting too fast at a rate of about 7 percent a year.

A seven percent growth is not something we would like," Kantor said.

In April alone, the US shortfall on trade with China shot up 29 percent from March's total to \$2.34b. Many analysts say China

Friends of the Earth opens 'green' energy bank account

LONDON (Reuters) - Investors who want their savings to back so-called "green" energy projects in Britain will from next week be able to open a specially-designed bank account backed by environmental pressure group Friends of the Earth.

Friends of the Earth and the Bristol-based independent Triodos Bank have announced the launch of the Earth Saver Account, which aims to promote sustainable energy and prevent global climate change.

"The Earth Saver Account will enable people to help combat climate change by directing their savings to renewable energy and energy conservation projects in the UK," the two organizations said in a statement.

Savers will earn interest rates of up to 5.5 percent gross per annum and Friends of the Earth has itself opened an account with

a £200,000 deposit. The product will be marketed to individuals, charities, businesses and ethical investment funds.

Glen Saunders, managing director of Triodos Bank, said the account would enable it to lead to more green energy projects and demonstrates the bank's core policy of transparency of its investments.

Friends of the Earth says the account offers a practical way of taking action in promote green energy.

"Saving with Triodos Bank's...account makes sound environmental and financial sense. Friends of the Earth urges savers to transfer their savings to this account," Dr. Patrick Green, the group's senior energy campaigner said.

"The whole point of this is to support projects which are environmentally sustainable and financially viable," Green told Reuters in an interview, adding that the bank would not be taking financial risks with savers' money.

Green said the impact of climate change means the needs of the environment and the economy cannot be separated and Friends of the Earth is looking at ways of increasing investment in renewable energy in Britain.

While the group wants the government to do a lot more to support such energy sources, it is also pursuing other ways of diverting investment away from fuels such as coal, gas and oil which produce so-called greenhouse gases.

Green said lack of investment in the renewable energy field so far meant there was a substantial untapped business opportunity in terms of innovation and new products for which finance should be made more available.

Handwritten note: 203.55% 214.69 -0.01%



MAN OF THE HOUR - Legendary cricket umpire Dickie Bird (waving) walks onto the pitch to a standing ovation at Lords to officiate at his 66th and final Test.

Thorpe and Russell rescue England

LONDON (Reuter) - A gritty, unbroken partnership of 131 between Graham Thorpe and Jack Russell rescued England from the brink of disaster and led them to a position of some strength at the close of the first day of the second Test against India at Lord's yesterday.

As the partnership flourished so Russell became more dominant. While Thorpe was content for much of the time to push the quick single and keep his wicket intact for the second day Russell began to take advantage of some tired bowling.

England first innings: M. Atherton b Srinath 20, A. Stewart b Srinath 26, N. Hussain c Prasad b Ganguly 25, G. Thorpe not out 85, J. Russell b Prasad 69.

England's first wicket for Samray Ganguly, as Vikram Rathore pulled off a good catch at second slip at the second attempt.

Bulls sign coach to new contract

DEERFIELD, Ill. (Reuter) - The NBA champion Chicago Bulls re-signed coach Phil Jackson to a one-year contract worth \$2 million, according to broadcast reports yesterday.

who has been quoted as saying he deserves \$18m to \$20m per season up from around \$4m currently, has said he would not stay in Chicago without Jackson.

The team was expected to have a news conference announcing Jackson's signing yesterday afternoon at its training centre in the Chicago suburb of Deerfield.

Smoltz chalks up 14th straight win

ATLANTA (AP) - John Smoltz set a franchise record with his 14th straight win, a two-hitter in a 5-1 victory over the San Diego Padres that gave the Atlanta Braves a sweep of the three-game series.



GREAT BALLS OF FIRE - Atlanta's pitching ace John Smoltz throws another high hard one during Wednesday's game.

In the opener, starting pitcher Jason Lirnghausen put New York up 5-2 with a two-run homer, only to help give the lead back with two throwing errors in Pittsburgh's two-run sixth.

AMERICAN LEAGUE
A's 10, Tigers 3
Rookie John Wasdin gave up six hits over eight innings, and visiting Oakland hit three homers to complete a three-game sweep of Detroit.

NATIONAL LEAGUE East Division table with columns for Team, W, L, Pct., GB.

WESTERN DIVISION table with columns for Team, W, L, Pct., GB.

WEDNESDAY'S NL RESULTS: Atlanta 5, San Diego 1; St. Louis 3, Philadelphia 2; Los Angeles 4, Chicago 3 (13); Cincinnati 10, Houston 7; Colorado 7, Montreal 6 (10); Pittsburgh 6, New York 5 (1st); New York 5, Philadelphia 3 (2nd); San Francisco 7, Florida 4 (15).

AMERICAN LEAGUE East Division table with columns for Team, W, L, Pct., GB.

Renault to withdraw from Grand Prix

PARIS (Reuter) - Renault, the French car manufacturer whose engines have powered Williams and Benetton teams to the last four constructors' world championships, announced yesterday that it was withdrawing from Formula One at the end of 1997.

JERUSALEM POST SOFTBALL LEAGUE Final Standings A Division table with columns for Team, W, L, Pct., GB.

SPORTS BRIEFS

General Manager... Sports and Fitness... Muscular... Vice-Chairman... Golf... (A column of short news items.)

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Vertical text on the right edge of the page, likely a page number or reference mark.

Police bust 'biggest' Russian crime ring

BILL HUTMAN

WHAT is said to be the biggest "Russian mafia" bust ever made here, part of an international case involving crimes ranging from forgery and prostitution to drug deals and murder, was revealed by the police yesterday.

Twenty-eight persons have been detained so far, and more arrests are expected, according to investi-

gations head Cmdr. Yossi Levy. Levy said most of those detained are immigrants from the Commonwealth of Independent States.

Levy said the suspects, arrested over the past several weeks, are connected to an international crime ring based in Russia, that also operates in several European countries. Police in several European states helped the Israel Police's Serious Crimes Division in the investigation.

The suspects are part of "the first criminal ring connected to international crime in the CIS that has been uncovered here," said Levy, adding that the arrests "show that the police were correct last year in setting up a special unit to deal with international crime."

Police prefer the term "international crime" over "mafia," because the latter implies criminal activity that has penetrated the ruling establishment - which is not the case in Israel, but is allegedly the case in the CIS.

The gang members are suspected of bribery, fraud, and forgery, mainly connected to the distribution of illegal documents, ranging from credit cards to IDF discharge sheets.

A former senior Interior Ministry worker was arrested last month in connection with the case. The suspects may also be connected with several murders in Europe resulting from fights over turf among international crime gangs. They are also suspected of other criminal activity abroad, including drug trading and prostitution, according to the Israel Police.

"We believe the gang uncovered here is just a small link in a larger chain controlled in the CIS, and which has connections all over Europe," Levy said.

Police said the gang arranged fictitious marriages with Israeli women from the CIS for CIS men who wanted Israeli citizenship, often for criminal purposes. New immigrant women were paid some \$2,000 to go abroad and marry the men.

Russian criminals look to Israel as a prime location for laundering money, and having Israeli citizenship makes it easier to operate here, according to police.

Dozens of men were granted Israeli citizenship on the basis of the fictitious marriages, and the Interior Ministry is working with police to find those involved. The Military Police and the Income Tax and Customs authorities are also helping in the investigation.



Justice Minister Ya'acov Ne'eman at a ceremony yesterday for newly accredited lawyers, held at Jerusalem's Teddy Stadium. (Ariel Jerozolimski)

Ne'eman: We must strive for justice, peace

EVELYN GORDON

JUSTICE and peace are the two values without which the world cannot exist, and which we must therefore strive for, Justice Minister Ya'acov Ne'eman said yesterday, in his first address as a minister.

Speaking at a ceremony for newly accredited lawyers, Ne'eman said the importance of the law in human life can be seen from the fact that administering justice is one of the seven Noahide laws which, according to the Torah, are incumbent upon all the nations of the world.

However, he said, a legal system is not just the establishment of norms. "It is not enough to set norms," he said. "These norms must be based on justice, righteousness and non-discrimination."

The key to a proper system of law, he continued, is respect for human dignity, since man was created in God's image. Israel's legal system gives expression to this value through the Basic Law: Human Dignity and Freedom, he said.

He then quoted Rashi's statement that "if there is no peace, there is nothing at all. Therefore, peace is worth everything."

"I wish for all of us that we will see peace in our day - peace among ourselves, and also peace with our enemies," he concluded.

Bodinger: Arab missiles pose potent threat

"THE most significant development in our region has been the obtaining of ground-to-ground missiles by Arab countries, including their ability to produce such missiles themselves," OC Air Force Maj.-Gen. Herzl Bodinger said yesterday.

He was speaking at a news conference marking his taking leave of the air force after 35 years of service, the last four and a half as its commander.

Bodinger pointed to Iran and Syria as having the largest missile arsenals. He also cited Iraq, whose missile arsenal has supposedly been removed by international sanctions.

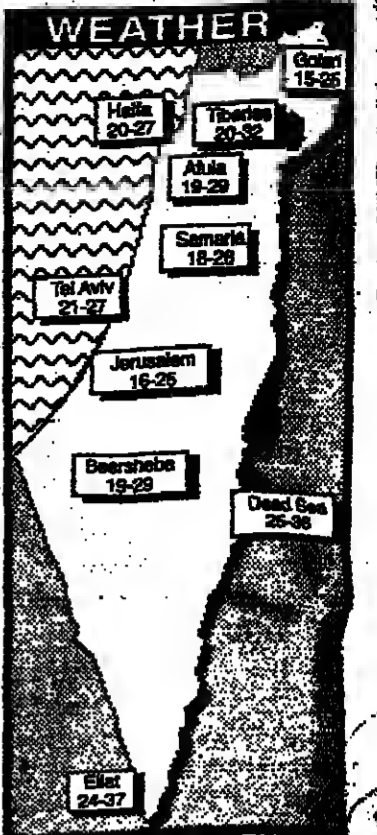
"For the first time since 1948, Arab countries have the ability to hit any point within Israel," he said, adding that this was proven during the Scud attacks of the Gulf War.

"If there were to be a total war against Israel," he said, "we would be hit by hundreds of ground-to-ground missiles."

As to an answer to the problem, Bodinger said that in recent years, the air force has greatly improved its ability to carry out long-range attacks.

The most advanced F-15s, which will reach the air force within the next year, will increase this ability even more.

Jerusalem Post Staff



Forecast: Partly cloudy to clear. Drop in temperatures. Shabbat: No change in temperatures.

AROUND THE WORLD

Table with columns for location, low, high, and weather conditions. Locations include Amsterdam, Buenos Aires, Cairo, etc.

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Kahalani: Separation plan will continue, depending on policy

INTERNAL Security Minister Avigdor Kahalani said yesterday that he intends to continue with his predecessor's separation plan between Israel and the territories, "but with a few changes and dependent on government policy."

Kahalani made the remark on his first official tour of the central district's Green Line area, where he

was shown the plan initiated by predecessor Moshe Shahal. He said he would continue with the plan in the area stretching around 70 kilometers from Latrun in the south to Baka al-Gharbiya in the north.

Starting off in the incomplete settlement of Matan, where around 45 families have settled some 100 meters from the Arab

village of Habla, Kahalani was given detailed explanations of the area's problems.

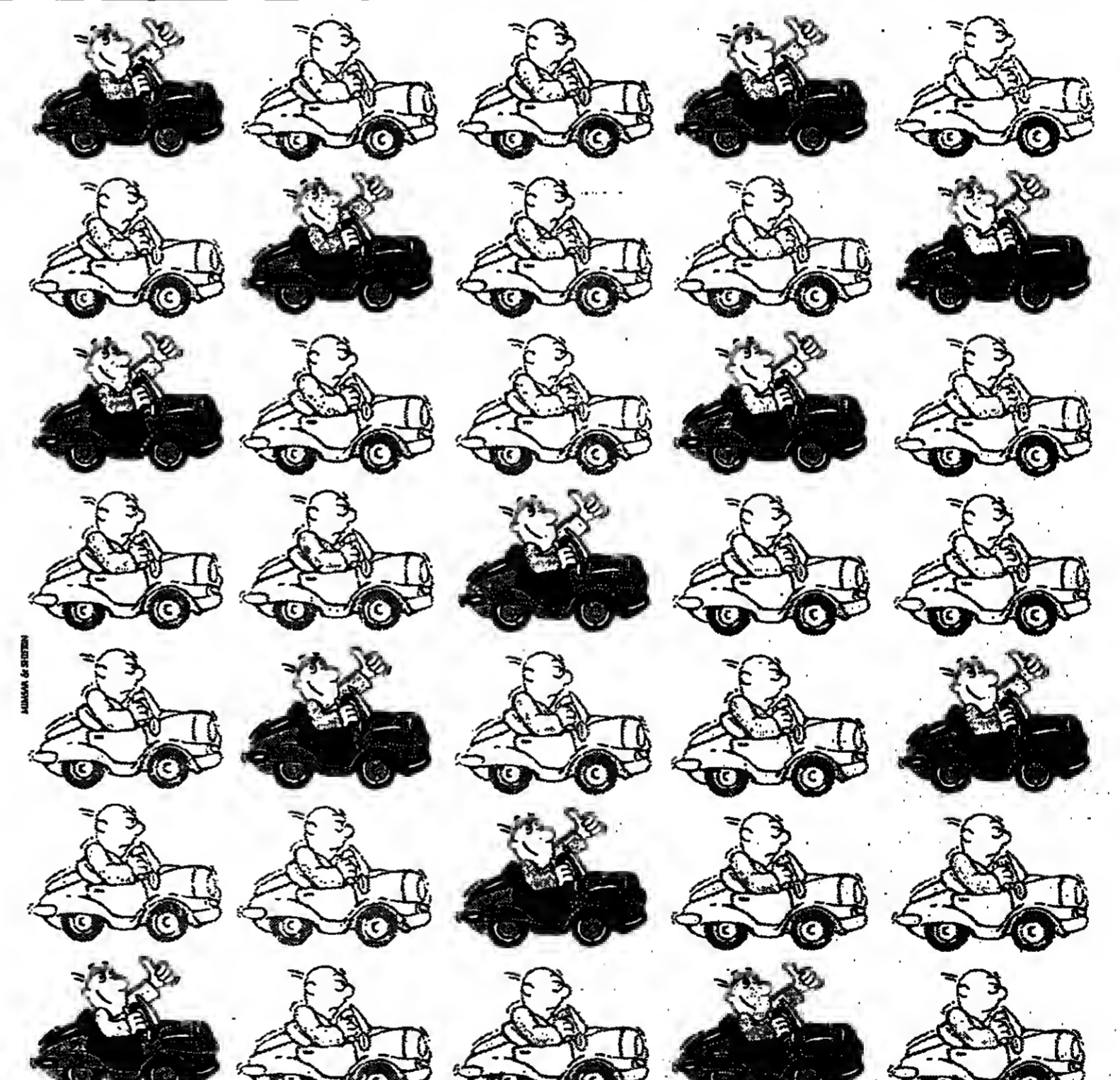
A three-meter-high, 11-kilometer-long wall is to be erected between Habla and Matan, on top of which will be a fence, equipped with electronic sensors and cameras to avoid any conflict between the two sides and to prevent infil-

tration. "The concept of separation is a correct one but the plan depends on government policies," said Kahalani.

"Terror will not stop in the near future, but we must have a system of monitoring and control and provide police with the necessary means to operate."

Two other potential trouble spots have been designated for similar fencing: Bat Hefer and near Kalkilya.

Regarding the closure of the territories, Kahalani said that from "a humanitarian point of view, the sealing of the territories should be eased to give the Palestinians an opportunity to work in Israel."



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